PART 4:
GO TO MARKET TEAM
Who needs to get involved?

Going to market is a team sport. There might technically be a go to market "owner" (and in smaller organizations, this might even be the CEO). But ultimately, it's a collaborative effort.

Generally, go to market teams are made up of everyone who touches the customer throughout the customer lifecycle: sales, marketing, and customer success or support.

This chapter dives into the details of the HOW of going to market—with a special emphasis on the go to market team and their various roles and responsibilities. The chapter is divided into three sections, each focusing on a particular segment of the go to market team. We focus on explaining the role of:

1. Marketing, product marketing, and demand gen
2. Sales in high- and low-ACV settings
3. Customer success

Marketing

Marketing often leads the go to market strategy because they have so much influence early on (as you might have noticed, marketing covers most of the stages of go to market strategy that we've covered so far). Marketing teams are also well-positioned to lead the go to market strategy because they connect product, sales, and customer success.

When it comes to go to market, marketing's role is divided into two large branches:

Product marketing

Product marketing's role is to do everything we've outlined so far: define the audience, identify the market, define the value proposition, create the messaging, and outline the channel mix.

Oftentimes, product marketing is heavily involved in both internal and customer facing content, including:

- Research papers, blog posts, and webinars
- Battlecards, sales wikis, and persona documents
- Case studies

Demand generation

The role of demand generation is to further define the channel mix, execute the actual marketing campaigns, and iterate and test to drive down the cost of acquiring customers.

Each of these functions can also cover additional areas of expertise, including:

- Field marketing
- Brand marketing
- Content marketing
- Digital marketing

In smaller organizations, these functions are often all run by one or two people, with product marketing taking on content and brand, and demand gen taking on digital and field marketing.

Sales

Sales is responsible for one thing: closing business. This function is so critical that most organizations go to extreme lengths to keep their sales teams motivated and laser-focused on that and only that.

How you approach sales with your go to market team depends on your average contract value (ACV). Why? Because sales means headcount—the most expensive part of any go to market strategy.

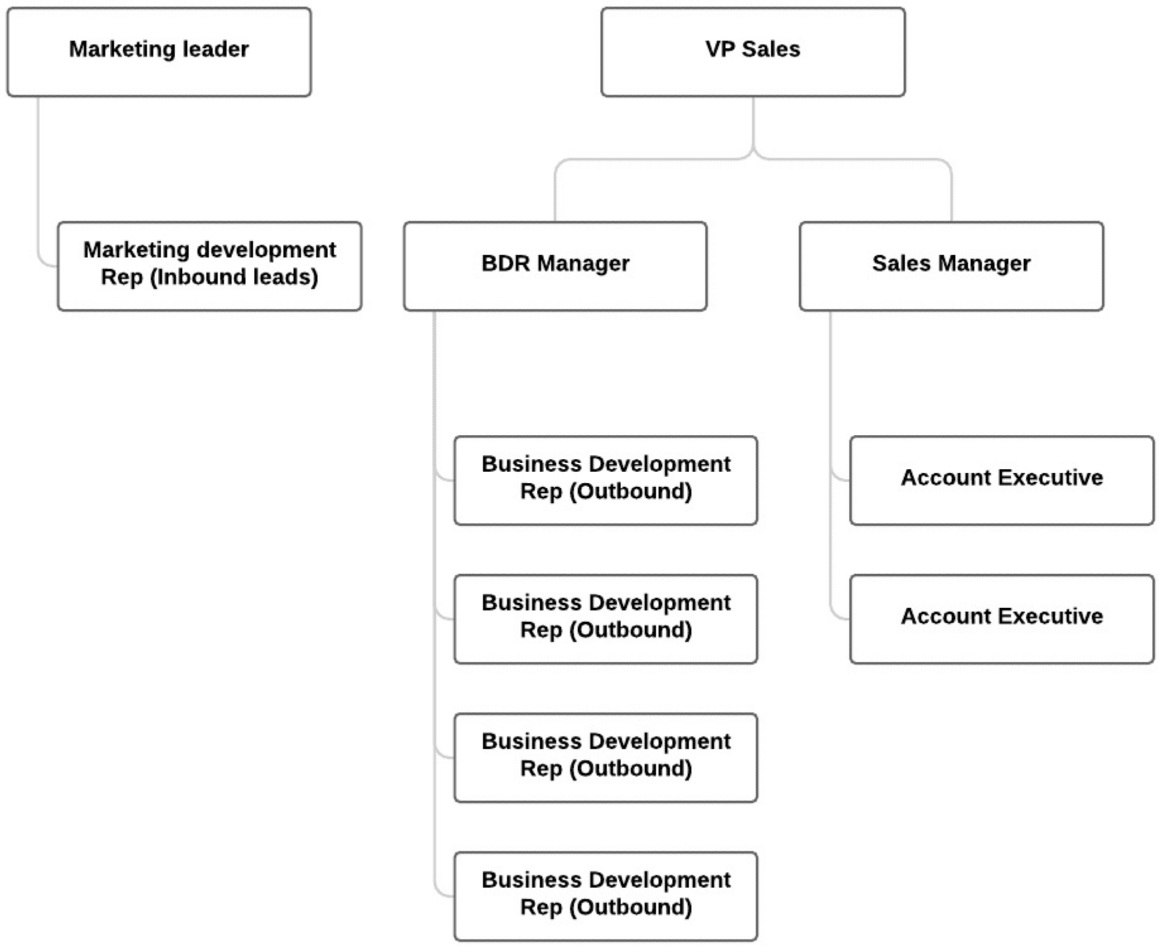
That means that you need to be selling something that's valuable enough to justify a sales person and their salary (plus make the commission worth their time).

For instance, say you're selling cell phone cases online for $3.99 each. That value isn't high enough to justify a sales team. Conversely, if you're selling construction equipment for $10 million, then it's definitely worth the sales person's salary.

Generally speaking, B2B sales is worth having that high-touch, 1:1 sales experience because the ACV tends to be higher. On the other hand, B2C gravitates towards low-touch, transactional, hands-off sales.

High ACV sales (B2B)

High-ACV sales teams going to market are structured like this:



- *Marketing development reps* are responsible for responding to inbound leads. These teams increasingly report into marketing rather than Sales.
- *Business development reps* are responsible for outbound prospecting, and booking meetings for account executives to close business.
- *Account executives* are responsible for handling the meetings that inbound and outbound reps book and taking customers from an initial meeting to a closed deal. Account executives might be field reps, on the road and visiting customers in person, or part of an inside sales

teams.

When you’re building your go to market strategy, you need to carefully consider how many reps you’re going to need and in what roles to achieve your specific business goals. This goes for large and small organizations, because at a small one or a startup, you’re deciding how many bodies to hire, and at large ones you’re deciding how many bodies to dedicate to the product. In both cases, you’re committing significant resources, which means that you need to think carefully about how you’re going to achieve a positive ROI.

Sales operations

There is one more critical sales function that you need to go to market—sales operations. For any business, the key to successful got to market execution is twofold:

1. Finding opportunity for growth in your organization’s data (or the market if you’re a start up)
2. Understanding and adapting your tactics / strategy on the fly in response to early indicators you see in sales data as it rolls in

For instance, say you’re selling bulldozers to mid-sized manufacturing firms. Your sales cycles might be 12 months long. But you don’t want to find out a year down the line to find out your positioning is all wrong, or your messaging isn’t resonating. You need to be tracking data along the way to optimize your conversion rate at every step of the sales cycle.

And, because sales teams are the bleeding edge of customer interactions, they’re the ones that actually gather the data that other departments and use it to make decisions.

Which means you need a clear sales process before you go to market so that you can track performance over time and see if your go to market initiative is on track to achieve your overall goal.

It’s often worth hiring (or getting a freelancer) to help you set up your go to market sales process and make sure you’re capturing the data you need as prospects go through the buying process.

Low-ACV sales (B2C)

Sales teams usually play a much smaller role in B2C organizations (or B2B organization selling to small businesses) because the average contract value is low. Instead, the final point-to-point sale is executed through a different, transactional mechanism. This can be through a channel / distribution partner (e.g. if your product is stocked in a store or sold on Amazon), through an ecommerce store that you control, or in your own store.

Customer success

The final major component of the go to market team is customer success. This is the team that guides customers from when they sign a contract, through implementation, and on to continuing success. For software as a service (SaaS) businesses who rely on customers renewing to achieve profitability, customer success is critical because they're responsible for keeping the customers that sales closes.

In addition to their implementation and support responsibilities, customer success is increasingly responsible for renewals, upsells, and cross-sells, primarily because upsells and cross-sells are fantastic for a business. Upsells and cross-sells:

- Ingrain your company into the lives of your customers, decreasing customer churn
- Increase the customer value as they purchase more product

Most importantly though, you've already spent a big chunk of time and resources to acquire them. The more value you can extract from them, the better your return on investment.

And if you include customer success on the go to market team, then you can strategically acquire customers who will grow into high-value accounts over time. Customer success can drive profitability because:

1. **Word of mouth only happens if you have happy customers**. And since word of mouth has proven again and again to be the most cost-effective marketing channel, ignoring it is literally leaving money on the table. Word of mouth is especially important if you're a small or

unknown brand / startup, when every customer is critical to your overall success.

2. **Customer acquisition costs are too high to not retain**. For subscription, freemium, and “try before you buy” products in particular, retention is critical to the economics of your organization. You need to keep your churn rate low. But even for companies selling one-off products, it’s far less expensive to keep a customer than acquire a new one.

3. **Upsell / cross-sells rely on happy customers**. You’re not going to buy more of something if the organization you purchased from sucks. In order to drive high-margin cross-sell and upsells (high margin since you’ve already paid to acquire the customer), you need to have happy customers, which means investing significantly in support and customer success.

Churn and retention

One of the core metrics for customer success is churn, especially for subscription services that rely on customer retention to grow.

Churn rate can be calculated two ways: revenue churn is the percent of your revenue you’ve kept over a specific time period.

For example, if you had $100,000 of monthly recurring revenue (MRR) in January and $80,000 of MRR in February, your churn rate would be:

$$Churn = \frac{(\$100{,}000 - \$80{,}000)}{\$100{,}000} = 20\%$$

Basically, 20% of your monthly recurring revenue from last month isn’t going to recur this month since it left. You can do the same calculation on an annual basis for annual recurring revenue (ARR).

The second kind of churn is *customer churn*, or *logo churn*. This is the same calculation, but instead of taking the revenue value, you count the number of customers. So, if we go back to our example from earlier, that $100,000 in revenue might be 100 customers, and 10 customers left. Your logo churn would be:

$$Logo\ churn = \frac{(100\ -\ 90)}{100} = 10\%$$

Churn is important to know because every dollar you churn out is a dollar of new business you need to go and find. If your churn gets too high, it becomes incredibly difficult to grow.

You can also use churn to help with your segmentation. Here’s an example:

Segment	A	B
Churn rate (unsubscribers per month)	3%	6%

Here you can see that segment B has a higher churn rate, with 6% of subscribers abandoning the service each month. It could be that segment B is just not an ideal target customer group, or it could be that you need to make some tweaks to keep them happy and keep them coming back. Data can’t really tell you what to do. It needs to be interpreted in the context of your overall company vision to decide which action to take. The solution here is not obvious at all. All we know is that group B is more likely to unsubscribe than is group A.

Customer lifetime value (LTV)

Closely related to churn is customer lifetime value, or LTV. *Customer lifetime value* is a measure of how valuable a customer is to your company. It's actually somewhat complicated to calculate, so I'm going to start with a simplified approach.

Year	1	2	3	4
Profit	\$1	\$2	\$2	\$0

This table shows the profit coming from a particular customer in each year since he became a customer. You can see that he stopped becoming a customer in year 4—hence, the \$0 in profit—so the lifetime of the customer is 3 years. The lifetime value can be calculated by adding up the profit for those three years: \$1 + \$2 + \$2 = \$5.

The customer lifetime value is thus \$5.

This is a simple formula. A more sophisticated method touches on the world of finance. This more elaborate formula accounts for churn rates, the cost of customer acquisition, and something called the discount rate. Let me explain. In years 2 and 3, you can see that profit was \$2. But because of the time-value of money, money today is worth more than money tomorrow, so that \$2 in year 2 is actually worth more than \$2 in year 3. That's because \$2 in year 2 could have been invested and appreciated for an entire year. But there are other factors here besides the time of value. There's also risk and uncertainty associated with future profits that don't apply to the present.

Lifetime value is easier to calculate if your company relies heavily on customer-relationship management software or CRM. If your company doesn't use CRM, then you may need to estimate lifetime value based on sampling customers through market research.

What you may discover is that some of your customers are actually losing you money. You should try your best as a marketer to avoid these types of customers. If they abandon you, do not send them discounts or offers to return. Try to focus your communications on the most profitable segments.

Closely connected to lifetime value are these other metrics:

- **ARPU**: Average revenue per user. Be careful with this metric because averages can be deceiving. Often the bulk of your revenue comes from a tiny group of people. In that case, an average would be a misleading figure.

- **ARPPU**: Average revenue per paying user. In some markets such as free-to-play gaming, the bulk of people may pay nothing. That's why the average revenue per paying user may be more meaningful.

The reason we're talking about these metrics here is that they're incredibly important for customer success. At the very least, customer success (as part of the go to market team) has the responsibility of reducing or eliminating churn. Increasingly, they're also responsible for growing accounts, increasing ARPU, ARPPU, and LTV. If you're relying heavily on expansion to reach your goals, you need to watch these metrics like a hawk.

Assembling your team

For a B2B company to deliver a cohesive go to market strategy, they need to have marketing, sales, and customer success in place.

Marketing is needed to identify the market opportunity that the go to market team is going to exploit. Basically, they answer the question: where are we going to market and with what? For the most part, the task of answering this question is owned by product marketing. But marketing is also needed to inform and convince people to buy (in a low-ACV environment) or talk to sales (in a high-ACV environment). This task is owned by demand generation.

Sales is needed to turn leads into closed business. Essentially, sales is responsible for actually taking the product or service and getting it into the hands of customers.

And customer success is needed to delight customers so they stick around for a long time. Customer success also needs to keep customers happy so that they can be upsold more of the same—or cross-sold additional products—while also telling the world how great you are.

Once these three parts are in place, you have what Jim Collins, in his book *Good to Great*, has called the flywheel. Essentially, marketing acquires customers, sales closes them, and customer success delights them...which in turn drives acquisition, sales, and delight, onwards and onwards as you take over your chosen marketplace.

Chapter summary questions

- Have you assembled your complete go to market team, including marketing, sales, and customer success?
- Are clear roles, expectations, and SLAs defined across the go to market team?
- Have you calculated LTV and churn and linked both figures back to your overall business goal so you know the benchmark values for both?